Attachment 3 – EV Program Analysis

1. Risk Planning

   1.1. The CMO/PST (as applicable) reviews the contract, along with modifications and customer guidance (i.e., MOAs and/or delegations), to get a clear understanding of the EVM Program Analysis requirements, e.g. CPR, C/SSR and CFSR. A MOA (or absence of one) does not eliminate CMO responsibilities related to program analysis. The PST/EVMS Specialist determines if EVM Program Analysis is required at the sub-tier supplier level and initiates input to the Supporting Contract Administration (SCA) Letter of Delegation (LOD) as appropriate.

   1.2. The PST/EVMS Specialist evaluates the contract, MOA or SCA letter of delegation for inappropriate or unclear EVMS reporting and/or Program Analysis requirements, e.g. Contract Data Requirement List (CDRL) distribution requirement. Any recommendations or deficiencies found requiring a contract modification are reported through the ACO to the PCO. Recommended contractual changes are documented. DD Form 1716, Contract Data Package Recommendation and Deficiency Report can be used for this purpose.

   1.3. Integrated Baseline Reviews (IBRs) are intended to provide a mutual understanding of risks inherent in suppliers' performance plans. Although the PMO is responsible for conducting the IBR, the EVMS Specialist and PST are encouraged to participate. Participation supports the customer and provides a better understanding of the program baseline, integrated master schedule, SOW, WBS, earned value methods, and EVMS reporting requirements. IBR Guidebook can help provide an understanding of the IBR process and goals for PST members and EVMS Specialists.

   1.4. Minimum performance expectations for program analysis risk planning are that key processes be identified in RAMP or local CMO developed plans. Key processes are those which, if not properly controlled, can adversely affect cost, schedule, and/or technical performance. Key processes related to EVMS Program Analysis can be identified in terms of WBS elements, program work scope or system key processes. The risk management plan includes the following:

- Identification of each key process area
- Approach for selecting WBS elements and control accounts
- Frequency, intensity and schedule of analysis activities

2. Risk Assessment:

   2.1. In order to assess program risk, the PST focuses on the key processes identified in risk planning to effectively meet customer needs and address customer concerns. The PI/PST assesses each identified EVMS key process using the information in the Supplier Risk Management guidebook process. The EVMS Risk Matrix can be used to determine the likelihood that a risk event may

happen. Consequence is determined by assessing the impact to contracts and programs in terms of cost, schedule, and technical performance.

   2.2. Program Analysis key process risk ratings are supported by data. For example, data may be collected from cost, schedule, and technical performance trends and variances, CAM interviews, product audits, process proofing, system evaluations, and Government and supplier performance data. A higher risk equates to more frequent involvement and could require a more intense review of the supplier's data integrity and use of their EVMS data to manage the program. Higher risk areas can also be those specifically identified in the MOA/LOD, or as otherwise requested by the PMO.

   2.3. The PI/PST is responsible for integrating EVMS data with program information to continually assess and report program risk based on that data, including reviews of the WBS at the lowest appropriate level. When classifying risk, performance history, process effectiveness, efficiency, and sophistication for each key process is considered. The PI/PST assigns an EVMS program analysis risk rating with supporting rationale. A risk rating may direct the PST to establish delegations with CMOs having oversight responsibility of sub-tier suppliers. Specific responsibilities are documented in the MOA or LOD.

   2.4. A low risk rating assigned to a supplier EVM system does not necessarily mean that a given program utilizing that EVMS is low risk as well. The PST performs a program risk assessment by analyzing cost, schedule, and technical performance. Program risk assessment may extend to the sub-tier level and necessitate the issuance of a delegation to the cognizant CMO.

   2.5. The minimum performance expectation is that risk assessment be documented by key process area in RAMP or a local CMO developed document.

3. Risk Handling:

The supplier owns their EVM system, so they do the risk handling. The CMO's role in supplier risk handling is to influence through risk monitoring. CMOs do the risk planning, assessing, monitoring and documenting. Therefore, CMOs ensure their surveillance results are well founded and provide good reason for the supplier to act on them.

4. Risk Monitoring

   4.1. Risk monitoring is conducted for all identified key processes. The PI/PST maintains and updates a Program Risk Management Plan which is an output from RAMP or a local-developed CMO plan. The plan addresses key performance risk elements and satisfies the terms and conditions of the MOA or LOD.

   4.2. The PI/PST has primary responsibility for predictive program analysis. The PST ensures integrated, cross-functional program analysis to evaluate supplier cost, schedule, and technical performance at the lowest appropriate WBS level. EVM program analysis begins at contract award and extends throughout the duration of the contract.

4.3. It is extremely important that supplier EVMS reports contain timely, accurate data which correctly indicates the true cost, schedule, and technical performance of the program. The PI/PST carefully reviews the supplier's initial submissions of contractual EVMS reports such as the CPR, C/SSR, and CFSR in order to verify data integrity and the report's compliance to CDRL and DID requirements. This verification of data integrity continues as necessary so that a high degree of confidence is maintained.

4.4. Data integrity review includes conducting data traces from the CPR or C/SSR back through the supplier's EVMS to verify the accuracy of the EVMS data being submitted to the customer. The review compares current CPR or C/SSR data with the prior month report and between the current month formats to ensure consistency.

4.5. Interviews with CAMs are an essential part of ensuring data integrity and of obtaining additional information to conduct program analysis.

 4.5.1. The PI/PST assess supplier earned value methods for appropriateness and consistency of application.

 4.5.2. Verify the supplier's management personnel are using the EVMS to manage the program and identify problems/risks, develop solutions and implement corrective action. This would include the follow-up of corrective actions identified in Format 5 of the CPR or C/SSR.

 4.5.3. To analyze schedule variance as reported in the CPR and CSSR and assess its impact, PST members review the suppliers' IMS and its critical path.

 4.5.4. Assess the reasonableness of the CAM's Latest Revised Estimate (LRE) considering areas such as Technical Performance Measures (TPMs), EV trend data, critical path, and mix of resources. Results of this assessment are integrated into the DCMA Independent Estimate-At-Completion (IEAC). The assessment rationale is explained, documented, and reported to the PI.

 4.5.5. Appendix B of the EVMIG provides additional guidance for PST members concerning CAM interviews.

4.6. The PST reviews supplier EVMS reports and provides predictive analysis to the customer through the PI as applicable. The MOA/LOD with the customer/CMO indicates areas of emphasis and type of analysis desired.

4.7. Predictive Program Analysis is performed at the appropriate WBS level. If program analysis is done only at the reporting level, it could potentially mask significant problems at the lower WBS levels. Program analysis provides timely indications of actual or potential problems.

4.8. Assessment of supplier's EAC and submission of a DCMA IEAC includes the integrated input from all PST members. The IEAC rationale is explained, documented, and reported to the customer.

4.9. Assess and validate that known technical problems are accurately reflected in the supplier's variance analysis and the planned corrective actions are described in Format 5 of the CPR or C/SSR. This assessment determines whether or not the supplier's corrective actions improve cost, schedule and/or technical performance. Perform follow-up to ensure implementation of Format 5 corrective action since CPR or C/SSR data is historical information/data.

4.10. Analyze trends in key performance measures and indices for elements that address the top cost and schedule variance drivers (including comparison to TPMs and critical path), variance at completion (VAC), schedule performance index, and cost performance index. USAF AFMCPAM 65-501, Guide to Analysis of Contractor Cost Data, provides the PST with helpful guidance concerning analysis of supplier's EVMS data.

4.11. A predictive assessment of future cost, schedule, and technical performance should be accomplished. For example, do current trends for key performance measures and indices continue or change, and why?

4.12. Perform an assessment of the supplier's baseline change control as reported in Format 3 if incorporated in the CPR. This assessment ensures that baseline changes are properly explained in Format 5 and are performed in accordance with the supplier's EVM system description.

4.13. If the contract requires a CFSR, PI/PST should request assistance from DCAA, through the ACO, in verifying, validating, and tracing the data.

4.14. The PI/PST should use wInsight$^{©}$ or other available DCMA IT approved tools for performing their program analysis. While suppliers and customers may be using other software tools, output files from these programs can frequently be used for input into wInsight$^{©}$. Import of data from other software tools may be accomplished if Electronic Data Interchange (EDI) ANSI X12 transaction sets 839 Project Cost Reporting and 806 Project Schedule Reporting are specified in the contract. If not already a contractual requirement, the CMO requests that electronic EVMS data (e.g., CPR) be made available. DD Form 1716, Contract Data Package Recommendation and Deficiency Report, can be used for this purpose. In the case of flow down of EVMS requirements from the prime CMO to the supporting CMO, wInsight$^{©}$ data files are provided as requested.

4.15. If program deficiencies are identified, the CMO/PI/PST/EVMS Specialist follows their CMO procedures or references the Supplier Risk Management Chapter for corrective action. CARs issued to the supplier are maintained by the CMO and tracked for trend analysis and implementation.

4.16. Minimum performance expectations for risk monitoring are the execution of Program Analysis Risk Management plan, which includes:
Identification of any deficiencies and trends
- Assessments of current and future impacts of non-mitigated risks or unsuccessful corrective actions
- Generating predictive assessments and recommendations
- Analysis of variances and performance indices, monitoring of UB/MR usage and control
- Developing IEAC, explain utilizing PST special knowledge (not computer generated)
- Communication of results and program health to the customer

5. Risk Documentation

5.1. The PI/PST documents their program analysis results in RAMP or local CMO developed plans, EDW, PST status report to the customer, Program Status

Charts (or in the Army Acquisition Information Management (AIM) System, when applicable), and in E-Tools.

5.2. RAMP or local CMO developed plans contain program analysis risk planning, risk assessment, and risk monitoring information and address the RAMP narrative protocol guidelines.

5.3. Detailed analysis documents are maintained by the CMO/PI/PST in risk management files and contain all pertinent data and information on program analysis. Program analysis evaluations, results, discrepancies, and follow-up actions are documented and imported into the EDW official contract file. These files include any customer correspondence, meeting minutes, and actions. The program file is maintained until contract completion.

5.4. The program status reports contain program analysis information as specified in the MOA or LOD. A predictive assessment on future cost, schedule, and technical performance is included in the report. Whenever possible, recommendations are included to mitigate program risk.

5.5. EVMS program analysis is documented in accordance with instructions for Program Status Charts (see Major Program Support Chapter, 2.1.), as applicable.

5.6. E-Tools is a web-based data repository containing EVMS contract status for any contract with CPR or C/SSR requirement at either prime or sub-tier level. PI/PST may update at CMO discretion. Updates for specific programs may be requested by district or HQ.

5.7. Minimum performance expectations for program analysis risk documentation are that it be current, timely, and include:

- Program Risk Management Plan
- Deficiencies identified during program surveillance:
  - Issued via CAR when appropriate
  - Tracked with current status
  - Addressed via corrective action plan in place (or in process)
  - Followed-up to ensure action has corrected deficiency (or plan to do so)
  - Trended for systemic issues
- Program predictive analysis results and program health is reported to the customer and documented:
  - In accordance with customer preferences
  - Identifying areas of moderate or high risk with explanations for each
  - Identifying any deficiencies, corrective actions, status, and independent assessment of corrective actions
  - Explaining thoroughly significant program issues and concerns
  - Addressing impact and potential impact to program successes, challenges, and setbacks